

KENTUCKY REAL ESTATE APPRAISERS BOARD

TYPE OF MEETING

Regular Meeting

DATE AND LOCATION

January 13, 2011 – 1:00 p.m. – Holiday Inn University Plaza, Bowling Green, KY

PRESIDING OFFICER

Dorsey Hall, Chair

ROLL CALL

Present:

Dorsey Hall, Chair
Sam E. Blackburn, Vice Chair
G. Herbert Pritchett, Board Member
Harold Brantley, Board Member
Kathy Mayfield, Board Member

Present Also:

Larry Disney, Executive Director
Angie Thomas, Staff Assistant
James Grawe, Board Counsel
Ravon Radmard, Executive Secretary
Dennis Badger, Investigator

Chair, Dorsey Hall opened the meeting by welcoming the guest. The guests in attendance were Rick Baumgardner, Bill Bartlett, Roger Embry, Frieda Cullen, Mike Cullen and Bryan Reynolds.

Motion by Herbert Pritchett, second by Kathy Mayfield and the Board unanimously approved the December 17, 2010 minutes.

EDUCATION

Motion by Harold Brantley, second by Sam Blackburn and the Board unanimously agreed to approve the following education courses for fiscal year 2010-2011:

- (1) McKissock, LP
 - (a) General Appraiser Income Approach – 60 hours QE
- (2) Career WebSchool
 - (a) Online Statistics, Modeling and Finance – 15 hours QE and 14 hours CE
- (3) Appraisal Educators, Inc.
 - (a) 119 – Supervising Beginning Appraisers – 7 hours CE
 - (b) 120 – Appraising 2-4 Unit Multi-Family – 7 hours CE
 - (c) 121 – New FIRREA-Title XI Amended by Dodd Frank – 7 hours CE

B. Individually reviewed courses recommendation to approve by Larry Disney, Executive Director. Motion by Kathy Mayfield, second by Sam Blackburn and the voted unanimously to approve:

- (1) Allterra
 - (a) 2010 Keynote/Valuation Visionaries – 7 hours CE
 - (b) 2010 Appraiser Town Hall Meeting/Reengineering the Appraisal Process – 7 hours CE
- (2) Appraisal Institute – Cardinal Ohio Chapter
 - (a) Seminar: The 33rd Annual Real Estate Economic Seminar: 2011 Forecast – 7 hours CE

C. Motion by Sam Blackburn, second by Herbert Pritchett and the Board unanimously agreed to approve the following courses pending the submission of all required documents.

- (1) Appraisal Institute – Cardinal Ohio Chapter
 - (a) Bank Reviewer Roundtable – 2 hours CE
- (2) Western Kentucky University
 - (a) Principles of Real Estate Appraisal -

EXPERIENCE REVIEW

Motion by Sam Blackburn, second by Harold Brantley and the Board voted to approve a total of one (1) individual for certification/licensure.

- (1) Brian Booth – Approve for Certified Residential

CERTIFICATION/LICENSURE

Motion by Herbert Pritchett, second by Kathy Mayfield and the Board voted to approve a total of nine (9) individuals for certification/licensure.

- (1) Eric J. Barth – Associate
- (2) Benjamin R. Bolinger – Certified General
- (3) Brian O. Booth – Certified Residential
- (4) Jeremy T. Heltsley – Associate
- (5) Kenneth A. Pettay – Certified General (Georgia)
- (6) R. Christian Sonne – Certified General (California)
- (7) Dylan M. Stacey - Associate
- (8) Cathy Sue VanDerVelde – Certified General (Ohio)
- (9) Thomas J. Wright - Associate

COMPLAINT

- A. Case Summary Flow Chart
- B. The Board was advised there have been a total of 63 cases filed for 2010.
- C. Investigator Report – Dennis Badger stated that John Hoover and Tom Veit will be performing the investigations and the cases he has been assigned will be in the Board office by January 21, 2011.
- D. Cases that have been appealed.
 - (1) Matt Miniard – Final Order 6/24/09
Appeal filed on 7/29/09 – James Grawe advised the Board information has been filed and is in the hands of the Judge in Franklin Circuit Court.
 - (2) David Harrington – Final Order 2/18/10
Appeal filed on 3/25/10
 - (3) Lynn Prichard – 3/2008
Appeal filed on 12/2008 – James Grawe advised the Board he will be working on this case.
- E. Cases
 - (1) Case No. 10-18 – Motion by Harold Brantley, second by Kathy Mayfield and the Board agreed to file formal complaint and set for a hearing
 - (2) Case No. 10-25 – Motion by Herbert Pritchett, second by Sam Blackburn and the Board voted to dismiss the case.
 - (3) Case No. 10-44 – Motion by Harold Brantley, second by Sam Blackburn and the Board voted to dismiss the case.
 - (4) Case No. 10-26 – Motion by Herbert Pritchett, second by Sam Blackburn and the Board voted to dismiss the case.

MISCELLANEOUS

The Board reviewed:

- (1) AARO Discussion
- (2) Budget Ending December 31, 2010
- (3) Marshall Flynn – Request for reinstatement – Motion by Sam Blackburn, second by Kathy Mayfield and the Board respond to the request that Mr. Flynn may request reinstatement after the suspension date of April 2011. The Board agreed all inquiries should be made to Board Counsel, Jim Grawe.
- (4) Request for Larry Disney to be reimbursed for course – New Interagency Appraisal and Evaluation Guidelines: A Primer for Commercial Lenders and Appraisers – Motion by Sam Blackburn, second by Kathy Mayfield and the Board voted to reimburse Larry Disney for registration fee.
- (5) The Board discussed sanctions being given for Ethics and Competency Rules only. Errors of Omission and Commissions due to negligence will be determined on a case by case to whether dismiss or provide disciplinary action.
- (6) The Board was advised that the Real Estate Agent from Illinois that completed appraisal reports was turned into the Department of Financial Institution and they will bring charges against the appraiser.
- (7) Regulation Updates – Jim Grawe advised the Board they will be filed by the end of January 2011. Motion by Sam Blackburn, second by Herbert Pritchett and the Board voted to approve the changes. Motion by Harold Brantley, second by Herbert Pritchett and the Board agreed that Larry Disney will represent the Board at the Committee Meetings concerning the regulation changes.
Regulations changes to be filed:
201 KAR 30:050, 201 KAR 30:125, 201 KAR 30:150, 201 KAR 30:190, 201 KAR 30:070.
- (8) Motion by Sam Blackburn, second by Herbert Pritchett and the Board voted to remove the Notarization from the Sworn Statement of Grievance and Sworn Answer to Grievance.
- (9) AMC regulations should be presented the first week of February.
- (10) Motion by Sam Blackburn, second by Kathy Mayfield and the Board voted to send the Ky Proprietary School Board a letter to exempt appraisal education providers.
- (11) Email from individual commending Ravon on her professional conduct.
- (12) The Board discussed a class that will be instructed by Larry Disney and Herbert Pritchett. The staff will work on dates for the course and set schedule soon.
- (13) The Board discussed if a course includes a text book whether the text used must be within the bibliography approved by the AQB for test development. Following discussion the Board recommended tabling for further research to be completed.
- (14) A recommendation was made by Sam Blackburn to submit the names of appraisers to the KBA if the appraiser has been suspended or revoked. The Board voted to get an open records request from the KBA and the information will be submitted after the 30 day appeal process is complete.
- (15) Larry Disney advised the Board that there is now and will continue to be an

increased volume of complaints against appraisers, primarily because of the language within the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Many of the complaints are filed because of value disputes, but the KREAB Investigators find other problems that are obvious USPAP deficiencies. Although many of the deficiencies are minor, per ASC Policy Statement 10, Section "E," the staff and investigators must report "all" violations. Therefore, when USPAP violations are discovered and reported and proven factually correct, the responding appraisers are sanctioned either through an Agreed Order or Board hearing.

Recently, AMC companies have contacted the Board and informed staff that if an appraiser has ever been sanctioned by the Board, regardless of the level of violation or sanction, the appraiser is immediately removed from the AMC approved appraiser status.

The KREAB expressed concern about the above action being taken against appraisers by the AMC groups. The Board opined that it is not reasonable to remove appraisers from an approved list for a minor USPAP violation that does not materially impact the value opinion or render the assignment results misleading or void of credibility.

Larry Disney suggested that the Board consider sanctions by remedial and correction action that with the agreement of the responding appraiser shall not be reported as a complaint violation, provided the act does not rise to the level of a USPAP deficiency that results in a material defect of the opinion of value or that results in a revocation or suspension.

The Board also advised staff to work with the Kentucky Bankers Association and others in developing a uniform complaint form that can be used for filing grievances and complaints with the KREAB by anyone or any group that might have cause to do so.

Add the following to discussion for recommendation to dismiss 10-23

The responding appraiser completed the assignment for a Kentucky Property Valuation Administrator to use in a tax appeal matter. The complainant completed an assignment for the property owner in the same appeal matter.

The KREAB investigator reported no USPAP deficiencies; therefore, the staff recommended dismissal and the Board concurred by unanimous vote.

Larry Disney informed the Board that legislators and at least one lobbyist recommend holding the amendments proposed by Herb Pritchett for the regular session of the legislature for fear that the proposal might stall the AMC legislation

during the Short Session. Mr. Pritchett agreed that it would be wise to hold the amendments until the regular session.

The amendment proposed would increase the appraiser fees from \$200 to an amount not to exceed \$400, and the fine from current \$2,000 to an amount not to exceed \$10,000 per case.

The Board was advised by the staff that failure to receive an increase in fee during the next two years would seriously jeopardize the Board solvency. Currently, the Board expenses are showing approximately \$40,000 more than the income. Therefore, the amendment for fee increases will be essential for presentation and discussion during the next regular session of the legislature.

Herb Pritchett reported that his presentation to the Bluegrass Chapter of the Appraisal Institute on December 3, 2010 resulted in push back from some of the appraiser members of that group. Therefore, it will be essential that the Board and staff continually make it known why the increase in fees and revenue are essential for the Board to continue operating.

Dorsey Hall asked that the Board and staff make it known that if the Board should ever become insolvent, the licensed and certified appraisers within the state of Kentucky would not be permitted to appraise properties for FRT loans and real estate related loan transactions. Also, appraisers could not be brought in from other states to perform the services because they would have no effective Kentucky enforcement.

Recognizing the need to increase revenue, the Board approved a fourth location for the 2011 Board seminars in Northern Kentucky on April 15, 2011. It is anticipated this added session will attract approximately 50 to 60 attendees. Failure to have at least that number of attendees will result in the location not being considered for future seminars.

Also, the Board agreed that during 2011 seminars would also be developed by and offered by the Board for a fee. The seminars will focus on the most frequent deficiencies of appraisal reports found during complaint investigations, and how to defend against USPAP deficiencies. The instructors shall be Board member Herb Pritchett and Larry Disney.

It was announced that the Kentucky AMC legislation has been drafted and a sponsor will be given the draft during the first week of January 2011 when the legislature arrives in Frankfort for the Short Session.

Larry Disney reported that the failure to pass AMC legislation in March 2010 has created a great deal of confusion, abuse of Kentucky appraisers, consternation for

the users of appraiser services, and problems for the Kentucky consumers. Therefore, it is essential that the legislation be passed in the Short Session, and hopefully it will become law on or before July 1, 2011.

NEW BUSINESS

The Board was notified that the February Board meeting will be Thursday, February 10, 2011 at 1:00 p.m. and will be held at the Holiday Inn Hurstbourne, Louisville, KY.

Motion by Sam Blackburn, second by Kathy Mayfield and the Board voted unanimously to adjourn the meeting.



Chair



Staff Assistant